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SUBJECT: ARRIVAL OF PETROVIETNAM LETTER ADVISING TRANSOCEAN TO CEASE
OPERATIONS IN SOUTH CHINA SEA.

(U) THIS CABLE IS SENSITIVE BUT UNCLASSIFIED. NOT FOR INTERNET.

REF: HANOI 1401

1. (SBU) On August 8, Dr. Tran Ngoc Canh, President and CEO of Petrovietnam, sent a letter to executives of the U.S. oil company, Transocean, advising Transocean to cease exploration drilling activities in block 2/4 in the South China Sea (reftel). Petrovietnam addressed the letter to Mr. J. Michael Talbert, Chairman and to Mr. Robert Long, Chief Executive Officer & Director, with copies to Mr. Ricardo Rosa, Vice-President, APU, and Mr. Ingo Giesel, Operations Manager and the Ambassador.

2. (SBU) BEGIN TEXT OF LETTER

Subject: Transocean Activities in Eastern Sea

Dear Sirs,

From the industrial source reported in ODS-Petrodata (the International Rig Report) in May 2007, Petrovietnam learn that Transocean has recently signed the Contract for the exploration drilling activities in so-called Block Hua Guan 2/4 for Petrochina in the Eastern Sea.

By this notification, we would like to advise Transocean that the above area lies entirely within Block 141 of the exclusive economic zone of the Socialist Republic of Vietnam according to the United Nations Convention on the Law of the Sea 1982 and Vietnamese laws.

The signing of Contract by Transocean for its drilling activities in the exclusive economic zone of Vietnam with no appropriate permission from competent authorities of Vietnam represents a serious violation to the Vietnamese and international laws.

Petrovietnam therefore strongly request that Transocean understand the extreme sensibility of this issue, terminate the mentioned Contract and abstain from any activities infringing Vietnamese sovereignty in the above area in order not to jeopardize the situation and adversely affect long-term established relationship between Petrovietnam and Transocean.

We highly appreciate your kind attention and cooperation and remain,

Yours sincerely,

Tran Ngoc Canh

END TEXT OF LETTER

MARINE